

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Flint	County Genesee
Fiscal Year End 12/31/06	Opinion Date 5/9/2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

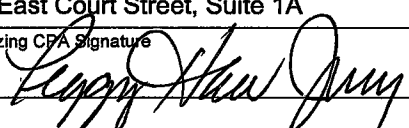
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number 810.767.5350	
Street Address 111 East Court Street, Suite 1A		City Flint	State MI
Zip 48502			
Authorizing CPA Signature 	Printed Name Peggy Haw Jury		License Number 1101009025

Financial Report

**Charter Township of Flint
Genesee County, Michigan**

December 31, 2006

with Supplemental Information

Charter Township of Flint, Michigan
Financial Report
Fiscal Year Ended December 31, 2006

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**Charter Township of Flint, Michigan
Financial Report
Fiscal Year Ended December 31, 2006**

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Introductory Section

**Annual Financial Report
Charter Township of Flint
List of Elected and Appointed Officials
December 31, 2006**

Supervisor	Douglas C. Carlton
Clerk	Kim A. Courts
Treasurer	Sandra S. Wright
Trustees	Belenda L. Parker Roger Powell John MacGillvary Tracey Tucker

**Charter Township of Flint
Building Authority Board**

Chairman	Galen Jamison
Secretary	William J. Churchill
Treasurer	John R. Ervin
Trustees	Fadwa Alghanem Thomas Svitkovich

**Charter Township of Flint
Fire Retirement Board**

Chairman	Robert J. Lloyd
Vice Chairman	John R. Ringwelski
Treasurer	Sandra S. Wright
Trustees	Douglas C. Carlton Bethany J. Takacs

Financial Section



Independent Auditor's Report

Honorable Members
of the Township Board of the
Charter Township of Flint
Genesee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Flint, Michigan (Township) as of December 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Flint, Michigan at December 31, 2006, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information, and pension plan analysis of funding progress as identified in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Flint's basic financial statements. The accompanying other supplemental information as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

May 9, 2007

Management's Discussion and Analysis

Charter Township of Flint Management's Discussion and Analysis

This section of the Charter Township of Flint annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on December 31, 2006. Please read it in conjunction with the Township's financial statements, which follow this section.

Financial Highlights

- The Township's assets exceeded its liabilities at the close of the most recent calendar year by \$18,344,449. This is an increase in net assets of \$1,263,794 from the previous year.
- During the year, the Township's governmental funds expenses were \$346,245 less than the \$11,678,918 generated in taxes, other revenues and other financing sources for governmental programs.
- General fund revenues exceeded expenditures by \$554,006 increasing the General Fund fund balance to \$1,296,422.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

Township Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$14,849,600	\$13,290,174	\$ 5,929,505	\$ 5,533,718	\$20,779,105	\$18,823,892
Restricted cash	-	-	926,483	484,391	926,483	484,391
Capital assets	8,909,871	9,161,883	5,861,382	6,848,937	14,771,253	16,010,820
Total assets	<u>23,759,471</u>	<u>22,452,057</u>	<u>12,717,370</u>	<u>12,867,046</u>	<u>36,476,841</u>	<u>35,319,103</u>
Long-term liabilities	6,547,414	7,200,767	733,809	1,812,090	7,281,223	9,012,857
Other liabilities	8,596,958	6,982,436	2,254,211	2,243,155	10,851,169	9,225,591
Total liabilities	<u>15,144,372</u>	<u>14,183,203</u>	<u>2,988,020</u>	<u>4,055,245</u>	<u>18,132,392</u>	<u>18,238,448</u>

Township Net Assets (continued)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net assets:						
Invested in capital assets						
Net of related debt	7,007,225	7,275,539	4,592,815	5,036,847	11,600,040	12,312,386
Restricted	116,361	157,744	926,483	484,391	1,042,844	642,135
Unrestricted	1,491,513	835,571	4,210,052	3,290,563	5,701,565	4,126,134
Total net assets	<u>\$ 8,615,099</u>	<u>\$ 8,268,854</u>	<u>\$ 9,729,350</u>	<u>\$ 8,811,801</u>	<u>\$18,344,449</u>	<u>\$17,080,655</u>

The Township's combined assets exceeded its liabilities by \$18.3 and \$17 million for 2006 and 2005. A large portion of the Township's net assets are invested in Capital Assets (e.g. land, buildings, vehicles, furniture and equipment) less any related debt used to acquire those assets. The Township uses these capital assets to provide services to the citizens so they are not available for future spending. Unrestricted net assets – the part of the net assets that can be used to finance day-to-day operations – increased \$655,942 for the governmental activities.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

Township's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,975,527	\$ 1,825,844	\$1,472,861	\$1,153,182	\$4,448,388	\$ 2,979,026
Operating grants and contributions	334,818	503,713	-	-	334,818	503,713
Capital grants and contributions	81,953	276,555	201,740	202,765	283,693	479,320
General revenues						
State shared revenue	2,559,054	2,579,733	-	-	2,559,054	2,579,733
Property taxes	5,125,790	4,962,452	1,068,318	1,008,078	6,194,108	5,970,530
Other	601,776	508,683	174,667	71,444	776,443	580,127
Total revenues	<u>11,678,918</u>	<u>10,656,980</u>	<u>2,917,586</u>	<u>2,435,469</u>	<u>14,596,504</u>	<u>13,092,449</u>
Expenses:						
General government	3,570,420	3,350,728	-	-	3,570,420	3,350,728
Public safety	7,569,425	7,248,788	-	-	7,569,425	7,248,788
Other	192,828	173,926	-	-	192,828	173,926
Sewer and water	-	-	2,000,037	2,011,292	2,000,037	2,011,292
Total expenses	<u>11,332,673</u>	<u>10,773,442</u>	<u>2,000,037</u>	<u>2,011,292</u>	<u>13,332,710</u>	<u>12,784,734</u>
Increase (decrease) in net assets	<u>346,245</u>	<u>(116,462)</u>	<u>917,549</u>	<u>424,177</u>	<u>1,263,794</u>	<u>307,715</u>
Net assets beginning of the year	<u>8,268,854</u>	<u>8,385,316</u>	<u>8,811,801</u>	<u>8,387,624</u>	<u>17,080,655</u>	<u>16,772,940</u>
Net assets end of the year	<u>\$ 8,615,099</u>	<u>\$ 8,268,854</u>	<u>\$9,729,350</u>	<u>\$8,811,801</u>	<u>\$18,344,449</u>	<u>\$17,080,655</u>

Capital Assets

At the end of 2006, the Township had invested \$7,007,225 in governmental activity capital assets, net of related debt. It also had invested \$4,592,815 in capital assets, net of related debt to be used for business type activities. Capital assets as stated in this annual financial report do not include some prior year infrastructure items such as sidewalks and roads. Financial reporting in past years has not required some infrastructure items to be included with capital assets. Recognizing the problem of having townships gather together all of the required information, GASB has allowed townships to comply with this portion of Statement 34 over a number of years. Additional information on the Township's Capital Assets can be found in note IV. D. of this report.

Long-term Debt

At year-end the Township had \$6,598,474 in bonds, notes, and leases outstanding for governmental activities and \$1,268,567 in bonds and notes outstanding for business type activities.

Component Units

The Central Business Development Authority's last year of operation was 2006. As of December 31, 2006 all captured taxes had been fully spent.

Economic Factors

- One-quarter mill has been voter approved for fiscal 2007 to be used for the acquisition of fire safety equipment. Such millage is expected to produce approximately \$283,000 annually based upon the township's current total taxable value of property. This millage will also relieve the township's General Fund of this expenditure item allowing more funds to be spent in that fund for general operating purposes.
- One-half mill has been voter approved for fiscal 2007 for the specific use of road maintenance. Such millage is expected to produce approximately \$567,000 annually based upon the township's current total taxable value of property. This millage will also relieve the township's General Fund of this expenditure item allowing more funds to be spent in that fund for general operating purposes.
- The government plans to continue to explore savings options in the area of health insurance for its employees. Specifically, the use of individual health savings plans is expected to provide significant annual savings in the near future.
- The township's governing board has initiated an aggressive approach in its annual budget process to adopt future budgets that disallow deficit budget spending with the result or reversing past trends of having annually decreasing fund balances in its general operating fund. This goal was successful for the 2006 fiscal year.
- The government expects to see reduced funding from State agencies due to continued reduction in tax collections (especially that of sales tax) as seen in a nation-wide trend of state and local revenues.
- The unemployment rate for the greater Flint area (which borders Flint Township) was 7.7% for 2006. This compares to an unemployment rate of 8.2% for the previous year.

Budgets

The budget for 2006 was amended as required by State law. Both the original budget and amended budget have been shown in this document for 2006. The Township has again produced a timely and balanced budget for 2007.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township Clerk's Department, 1490 South Dye Road, Flint, Michigan 48532-4121.

Basic Financial Statements

Government-wide Financial Statements

Charter Township of Flint
Statement of Net Assets
December 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 1,316,637	\$ 2,893,784	\$ 4,210,421
Investments	14,299	-	14,299
Receivables:			
Property taxes	5,899,410	508,741	6,408,151
Accounts	138,994	2,509,019	2,648,013
Accrued interest receivable	-	16,422	16,422
Special assessments	1,172,765	25,182	1,197,947
Due from other governments	6,120,504	-	6,120,504
Internal balances	23,643	(23,643)	-
Prepaid items	51,828	-	51,828
Restricted assets:			
Cash and cash equivalents	-	926,483	926,483
Net pension asset	111,520	-	111,520
Capital assets (not depreciated)	1,676,485	-	1,676,485
Capital assets (net of accumulated depreciation)	7,233,386	5,861,382	13,094,768
Total assets	23,759,471	12,717,370	36,476,841

See notes to financial statements.

Charter Township of Flint
Statement of Net Assets (continued)
December 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	\$ 191,847	\$ 30,905	\$ 222,752
Accrued liabilities	226,832	9,976	236,808
Due to other governments	6,096	1,103,691	1,109,787
Unearned revenue	7,759,078	574,881	8,333,959
Noncurrent liabilities:			
Due within one year	413,105	534,578	947,683
Due in more than one year	6,547,414	733,989	7,281,403
Total liabilities	15,144,372	2,988,020	18,132,392
Net Assets			
Invested in capital assets, net of related debt	7,007,225	4,592,815	11,600,040
Restricted for:			
Debt service	-	926,483	926,483
Police	79,455	-	79,455
Other purposes	36,906	-	36,906
Unrestricted	1,491,513	4,210,052	5,701,565
Total net assets	<u>\$ 8,615,099</u>	<u>\$ 9,729,350</u>	<u>\$ 18,344,449</u>

See notes to financial statements.

**Charter Township of Flint
Statement of Activities
Year Ended December 31, 2006**

Functions/Programs	<u>Program revenues</u>		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	3,570,420	\$ 2,418,613	-
Public safety	7,569,425	556,914	265,295
Recreation and cultural	104,242	-	69,523
Interest on long-term debt	88,586	-	-
Total governmental activities	11,332,673	2,975,527	334,818
Business-type activities			
Sewer and water	2,000,037	1,472,861	-
Total business-type activities	2,000,037	1,472,861	-
Total primary government	\$ 13,332,710	\$ 4,448,388	\$ 334,818
Component Units			
Central Business Development Authority	\$ 1,640,333	\$ -	\$ -
Economic Development Authority	541	-	-
Total component units	\$ 1,640,874	\$ -	\$ -
General revenues:			
Property taxes			
State shared revenue			
Investment earnings			
Franchise fees			
Loss on disposal of capital assets			
Total general revenues and transfers			
Change in net assets			
Net Assets - Beginning of year			
Net Assets - End of year			

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Capital Grants and Contributions	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Business Development Authority	Economic Development Corporation
71,500	\$ (1,080,307)	\$ -	\$ (1,080,307)	\$ -	\$ -
-	(6,747,216)	-	(6,747,216)	-	-
10,453	(24,266)	-	(24,266)	-	-
-	(88,586)	-	(88,586)	-	-
81,953	(7,940,375)	-	(7,940,375)	-	-
201,740	-	(325,436)	(325,436)	-	-
201,740	-	(325,436)	(325,436)	-	-
\$ 283,693	(7,940,375)	(325,436)	(8,265,811)	-	-
	-	-	-	(1,640,333)	-
	-	-	-	-	(541)
	-	-	-	(1,640,333)	(541)
	5,125,790	1,068,318	6,194,108	-	-
	2,559,054	-	2,559,054	-	-
	245,769	174,667	420,436	48,896	5
	357,123	-	357,123	-	-
	(1,116)	-	(1,116)	-	-
	8,286,620	1,242,985	9,529,605	48,896	5
	346,245	917,549	1,263,794	(1,591,437)	(536)
	8,268,854	8,811,801	17,080,655	1,591,437	3,878
\$ 8,615,099	\$ 9,729,350	\$ 18,344,449	\$ -	\$ 3,342	

Fund Financial Statements

**Charter Township of Flint
Balance Sheet
Governmental Funds
December 31, 2006**

	General	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 1,292,516	\$ 24,121	\$ 1,316,637
Investments	14,299	-	14,299
Receivables:			
Property taxes	5,048,696	850,714	5,899,410
Special assessment	1,172,765	-	1,172,765
Other	138,994	-	138,994
Due from other funds	41,108	-	41,108
Due from other governments	905,710	17,465	923,175
Deferred bond expense - net	-	36,355	36,355
Prepaid items	15,473	-	15,473
Total assets	\$ 8,629,561	\$ 928,655	\$ 9,558,216
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 191,847	\$ -	\$ 191,847
Accrued liabilities	201,450	-	201,450
Due to other funds	-	17,465	17,465
Due to other governments	6,096	-	6,096
Escrow accounts and deposits	25,382	-	25,382
Deferred revenue	6,908,364	850,714	7,759,078
Total liabilities	7,333,139	868,179	8,201,318
Fund balances			
Reserved for:			
Prepays	15,473	-	15,473
Underground storage tank	10,000	-	10,000
Cemetery perpetual care	24,242	-	24,242
MTA grant expenditures	2,664	-	2,664
Police contributions	27,349	-	27,349
Police banquet and awards	8,961	-	8,961
State drug forfeiture	43,145	-	43,145
Police	40,983	-	40,983
Unreserved reported in:			
General fund	1,123,605	-	1,123,605
Special revenue funds	-	53,187	53,187
Debt service fund	-	7,289	7,289
Total fund balances	1,296,422	60,476	1,356,898
Total liabilities and fund balances	\$ 8,629,561	\$ 928,655	\$ 9,558,216

See notes to financial statements.

**Charter Township of Flint
Reconciliation of the Balance Sheet to the
Statement of Net Assets
Year Ended December 31, 2006**

Fund balances reported in the governmental funds	\$ 1,356,898
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, are not reported in the funds	8,909,871
Long term amounts due from other governments are not available to pay for current period expenditures and, therefore, are deferred in the funds	5,197,329
Employee compensated absences are payable over a long period of years, and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(328,644)
Long term liabilities, including bonds payable and capital leases, are not due and payable in the current period, and therefore, are not reported in the funds	(6,598,474)
Other long term assets, such as net pension assets are not available for current financial resources, and are not reported as fund assets	<u>78,119</u>
Net Assets - Governmental Activities	<u><u>\$ 8,615,099</u></u>

See notes to financial statements.

**Charter Township of Flint
Statement of Revenue, Expenditures,
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2006**

	General Fund	Other Governmental Funds	Totals
Revenue			
Property taxes	\$ 5,125,790	\$ -	\$ 5,125,790
Special assessment	1,170,882	-	1,170,882
Licenses and permits	297,559	-	297,559
Intergovernmental revenue:			
Federal	122,320	57,453	179,773
State	2,686,347	-	2,686,347
Charges for services	1,700,858	-	1,700,858
Fines and forfeits	116,799	-	116,799
Interest	245,702	67	245,769
Sub-lease income - state police post	322,190	-	322,190
Other revenue	60,125	122,700	182,825
Total revenue	11,848,572	180,220	12,028,792
Expenditures			
Current:			
General government	3,534,079	14	3,534,093
Public safety	7,074,117	28,807	7,102,924
Recreation and cultural	55,423	28,646	84,069
Insurance	394,976	-	394,976
Amortization expense	-	1,421	1,421
Debt service:			
Principal retirement	396,728	30,000	426,728
Interest and fiscal charges	9,298	79,288	88,586
Total expenditures	11,464,621	168,176	11,632,797
Excess of revenue over expenditures	383,951	12,044	395,995
Other financing sources:			
Sale of property and equipment	22,441	-	22,441
Debt issuance	147,614	-	147,614
Total other financing sources	170,055	-	170,055
Net change in fund balances	554,006	12,044	566,050
Fund Balances - Beginning of year	742,416	48,432	790,848
Fund Balances - End of year	\$ 1,296,422	\$ 60,476	\$ 1,356,898

See notes to financial statements.

**Charter Township of Flint
Reconciliation of the Statement of Revenue,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended December 31, 2006**

Net Change in Fund Balances - Total Governmental Funds	\$	566,050
---	-----------	----------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities these costs are allocated over their estimated useful lives and as depreciation expense:

Depreciation expense		(756,030)
Capital outlay		247,079
Donated assets		81,953
Capital asset inventory adjustment		208,023
Net book value of assets disposed of		(33,037)

Revenues in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end		(319,561)
---	--	-----------

Increase in accumulated employee sick pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment		(5,465)
---	--	---------

Repayment of bond and note principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		426,728
--	--	---------

Capital lease and note proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets		(147,614)
--	--	-----------

Net pension asset is shown on the statement of net assets which reduces pension expense in the statement of activities		78,119
--	--	--------

Change in Net Assets of Governmental Activities	\$	346,245
--	-----------	----------------

See notes to financial statements.

Charter Township of Flint
Statement of Net Assets
Proprietary Fund
December 31, 2006

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,893,784
Receivables:	
Taxes	508,741
Accounts	1,104,779
Unbilled	1,390,945
Special assessments - current portion	11,006
Tap-in contracts - current portion	4,292
Accrued interest	<u>16,422</u>
Total current assets	5,929,969
Non current assets:	
Restricted cash	926,483
Capital assets	5,861,382
Special assessments receivable - long-term portion	14,176
Tap-in contracts receivable - long-term portion	<u>9,003</u>
Total noncurrent assets	<u>6,811,044</u>
Total assets	<u>12,741,013</u>

See notes to financial statements.

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water Fund</u>
Liabilities	
Current liabilities (payable from current assets):	
Accounts payable	30,905
Accrued liabilities	9,976
Due to other funds	23,643
Due to other governments	1,103,691
Deferred revenue	574,881
Current portion of long-term debt	<u>534,578</u>
Total current liabilities	<u>2,277,674</u>
Long-term debt - net of current portion	<u>733,989</u>
Total liabilities	<u>3,011,663</u>
Net Assets	
Invested in capital assets, net of related debt	4,592,815
Restricted for debt service	926,483
Unrestricted	<u>4,210,052</u>
Total net assets	<u><u>\$ 9,729,350</u></u>

Charter Township of Flint
Statement of Revenue, Expenses, and
Changes in Net Assets
Proprietary Fund
Year Ended December 31, 2006

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water Fund</u>
Operating Revenue	
Charges for services	\$ 1,297,619
Fines and forfeits	174,737
Miscellaneous	505
Total operating revenue	<u>1,472,861</u>
Operating Expenses	
Personnel services	435,894
Professional services	20,687
Supplies	571
Repairs	383,561
Rent	352
Contractual	17,491
Insurance	71,685
New equipment	69
Depreciation	994,886
Miscellaneous	5,883
Total operating expenses	<u>1,931,079</u>
Operating loss	<u>(458,218)</u>
Nonoperating Revenue (Expenses)	
Property taxes	1,068,318
Interest revenue	174,667
Interest expense and fiscal charges	<u>(68,958)</u>
Total non operating revenue	<u>1,174,027</u>
Income before contributions	715,809
Capital contributions	201,740
Change in net assets	917,549
Net Assets - Beginning of year	<u>8,811,801</u>
Net Assets - End of year	<u><u>\$ 9,729,350</u></u>

See notes to financial statements.

**Charter Township of Flint
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2006**

	<u>Enterprise Fund Sewer and Water Fund</u>
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,190,855
Payments to vendors	(830,184)
Payments to employees	(110,963)
Net cash provided by operating activities	<u>249,708</u>
Cash Flows from Investing Activities	
Sale of investments	203,552
Interest on investments	158,937
Net cash provided by investing activities	<u>362,489</u>
Cash Flows from Non-capital Financing Activities	
Borrowings from other funds	<u>4,811</u>
Cash Flows from Capital and Related and Financing Activities	
Proceeds from property tax levy (restricted for debt service)	1,069,417
Collection of customer assessments	213,644
Repayment of long-term debt	(543,523)
Purchase of capital assets	(7,331)
Interest payments	(68,958)
Net cash used in capital and related financing activities	<u>663,249</u>
Net increase in cash and cash equivalents	1,280,257
Cash and Cash Equivalents - Beginning of year	<u>2,540,010</u>
Cash and Cash Equivalents - End of year	<u>\$ 3,820,267</u>
<i>(including \$926,483 reported in restricted accounts in the sewer and water fund)</i>	
Cash Flows from Operating Activities	
Operating loss	\$ (458,218)
Adjustments to reconcile operating loss to net cash provided by operations:	
Depreciation and amortization	994,886
Changes in operating assets and liabilities:	
Accounts receivable	(282,006)
Accounts payable	(75,443)
Accrued liabilities	230
Due to other governments	70,259
Net cash provided by operating activities	<u>\$ 249,708</u>

See notes to financial statements.

Charter Township of Flint
Statement of Fiduciary Net Assets
December 31, 2006

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 37,787	\$ 1,477,901
Investments:		
Mutual funds	3,719,623	-
Receivables:		
Delinquent taxes	-	280,638
Accrued interest	5,388	-
	<hr/>	<hr/>
Total assets	3,762,798	1,758,539
	<hr/>	<hr/>
Liabilities		
Accrued liabilities	-	583,578
Due to other governments	-	242,587
Undistributed taxes	-	932,374
	<hr/>	<hr/>
Total liabilities	-	1,758,539
	<hr/>	<hr/>
Net Assets		
Held in trust for pension benefits	<u><u>\$ 3,762,798</u></u>	<u><u>\$ -</u></u>

Charter Township of Flint
Statement of Changes in Fiduciary Net Assets
Firefighters' Pension Trust Fund
Year Ended December 31, 2006

Additions	
Contributions	\$ 469,717
Investment interest	154,125
Net increase in fair value of investments	<u>239,427</u>
Total additions	<u>863,269</u>
Deductions	
Benefit payments	433,591
Administrative fees	<u>7,474</u>
Total deductions	<u>441,065</u>
Net increase in assets held in trust for pension benefits	422,204
Net Assets - Beginning of the year	<u>3,340,594</u>
Net Assets - End of the year	<u><u>\$ 3,762,798</u></u>

Notes to Financial Statements

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

I. Summary of significant accounting policies

The accounting policies of the Charter Township of Flint (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Flint.

A. Reporting entity

The Charter Township of Flint was incorporated July 17, 1978, under the provisions of Act 90, P.A. 1976, as amended (Charter Township). The Township provides the following services: public safety (police, fire, and building inspection), garbage, water, sanitary sewer, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although they can be legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units:

Charter Township of Flint Firefighters' Trust Fund:

- * Governing board is made up of Township employees and elected officials
- * Pension board approves investment policies
- * Pension board provides services exclusively to Charter Township employees (current and retired)

Charter Township of Flint Building Authority:

- * Governing board is made up of Township employees and Township residents
- * Board provides services exclusively to the Charter Township for the purpose of overseeing future construction projects

Discretely presented component units:

The component units' columns in the government wide financial statements include the financial data of the Township's two other component units. These units are reported in a separate column to emphasize that they are legally separate from the Township.

Central Business Development Authority, Charter Township of Flint (CBDA):

- * Township appointed governing board
- * Township approved budget of Authority
- * Township had to approve any tax levy of the Authority
- * No surplus funds existed at termination of the Authority
- * The CBDA's last year of operations was 2006.

Complete financial statements of this component unit can be obtained directly from the Township office.

**Charter Township of Flint
Notes to Financial Statements
December 31, 2006**

I. Summary of significant accounting policies – (continued)

A. Reporting entity – (continued)

Discretely presented component units: - (continued)

Charter Township of Flint Economic Development Corporation (EDC):

- * Township appoints governing board
- * Township approves budget of the EDC
- * Township created the EDC
- * Township provides employees and facilities for the EDC

All financial information of this component unit has been included in these financial statements. There are no separately issued financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be *available* if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a “deferred revenue” liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental fund:

The General Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

The Water and Sewer Fund is maintained for the operations of the water distribution system and sewage pumping and collection systems.

Additionally, the government reports the following fund types:

The Pension Trust fund accounts for the activities of the fire fighters’ fund utilized to pay retirement for Township fire fighter retirees. The fund accumulates resources for pension benefits financed by both employer and employee contributions.

Agency Funds account for assets held by the Township as an agent for individuals, private organizations and other governments.

Pension Trust and Agency funds are reported as fiduciary funds and are not included in the Government-wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

The Proprietary fund distinguishes *operating* revenue and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue for the proprietary fund relates charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property tax revenue

Property taxes are levied on each December 1, and are payable without penalty through February 28. However, the revenue generated by the tax levy cannot be appropriated until the budget year following the levy date. The asset created by the levy on December 1 is recorded in the appropriate fund as current taxes receivable. In addition, a deferred revenue offset account is recorded recognizing the funds as unavailable for current appropriation. Revenue generated by the levy of a 1% property tax administrative fee are recognized on a cash basis. Uncollected fees as of December 31, 2006, are recorded as a receivable with an offsetting deferred revenue account in the General Fund.

The Township's 2005 tax is levied and collectible on December 1, 2005 and is recognized as revenue in the year ended December 31, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2005 taxable valuation of the Township totaled \$1.093 billion, on which taxes levied consisted of 4.6423 mills for operating purposes and 1.000 mills for Water and Sewer debt service. This resulted in \$4.9 million for operating and \$1.0 million for Water and Sewer debt service. The amounts are recognized in the respective General and Water and Sewer Fund financial statements as property tax revenue.

D. Assets, liabilities, and net assets or equity

1. Bank Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less when acquired. Investments are stated at fair value.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

2. Receivables and payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade, notes, contracts, and property tax receivables are shown net of an allowance for uncollectibles.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted cash and cash equivalents

The Enterprise fund has a tax levy for payment of debt service principal and interest. The unspent amounts held in a separate cash account have been classified as restricted assets.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	7 - 20
Vehicles	2 - 15
Equipment and furniture	3 - 15
Computer equipment	5 - 10
System infrastructure	10 - 20
Water and sewer systems	18 - 40

6. Accumulated unpaid sick pay

It is the Township's policy to pay firefighters ½ of their unused sick time at retirement. All other Township employees are paid for unused sick days on an annual basis. There is no liability for unpaid accumulated vacation since the Township does not have a policy to pay any amounts when employees separate from service with the Township.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

7. Long-term obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

II. Stewardship, compliance, and accountability

A. Budgetary information

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution for all budgeted funds. A comparison of actual results of operation to the General Fund budget as prepared by the Board is included in the basic financial statements by examining the fund totals. The additional amounts shown on this statement are in greater detail than the budget that was adopted and are used to provide additional analysis for management purposes.
4. The Supervisor or designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the Township Board.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

II. Stewardship, compliance, and accountability – (continued)

A. Budgetary information – (continued)

5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budget appropriations lapse at year end except for certain grants which are appropriated on a grant or entitlement length basis. Individual funds that have expenditures budgeted in this manner are:

- Community Development Special Revenue Fund

As a result of its different budget perspective, this fund is excluded from the Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual.

7. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds except that capital lease proceeds and the related capital outlay are not budgeted. A reconciliation of the budgetary comparison schedule to the fund based statement of changes in fund balance is as follows:

	<u>Other Financing Sources</u>	<u>Total Expenditures</u>
General Fund:		
Balance per budgetary		
Comparison schedules	\$ 22,441	\$11,317,007
Debt issuance	147,614	147,614
	<hr/>	<hr/>
Balance per fund based statements	\$170,055	\$11,464,621

8. The original budget was amended during the year in compliance with the Township Charter and applicable state laws. The budget amounts reported in the financial statements present the original budget and the final budgeted expenditures as amended by the Township.

B. Budget and actual comparisons - grant/project length budgets:

The following is a comparison of budget (on a project (grant) length basis) and actual expenditures for the Community Development Fund for the year ended December 31, 2006.

	<u>Revised Project (Grant) Length Budget</u>	<u>Project Funds Expended During 2006</u>	<u>Total Project Funds Expended Through 12-31-06</u>	<u>Unexpended Balance at 12-31-06</u>
Special Revenue Fund Type:				
Community Development Fund:				
Public safety	\$281,512	\$28,807	\$270,534	\$ 10,978
Recreation and cultural	36,527	28,646	36,125	402
	<hr/>	<hr/>	<hr/>	<hr/>
Total Community Development	\$318,039	\$57,453	\$306,659	\$ 11,380

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

IV. Detailed notes on all funds

A. Deposits and investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The Township has designated five banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Township had \$5,622,670 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, \$ 5,584,883 of investments was uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

Charter Township of Flint
Notes to Basic Financial Statements
December 31, 2006

IV. Detailed notes on all funds – (continued)

A. Deposits and investments – (continued)

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of the mutual funds held by the pension fund (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Mutual fund – fixed income	\$1,427,868	4 stars	Morningstar
Mutual fund – equities	\$2,291,755	4 stars	Morningstar

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. At year end, the pension fund investments subject to interest rate risk is as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Mutual fund – fixed income	\$1,427,686	5-16 years

Concentration of credit risk:

The Township limits the investment in commercial paper to not more than 50% of any fund at any time.

B. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$	\$7,161,194
Special Assessment	-	1,172,765
Total	<u>\$ -</u>	<u>\$8,333,959</u>

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

IV. Detailed notes on all funds - (continued)

D. Capital assets

Capital asset activity of the Township's governmental and business-type activities:

Primary Government

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Reclassifications and <u>Adjustments</u>	Ending <u>Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,668,463	\$ 14,760	\$ -	\$ (6,738)	\$ 1,676,485
Total capital assets, not being depreciated	1,668,463	14,760	-	(6,738)	1,676,485
Capital assets, being depreciated:					
Buildings and building improvements	6,847,155	10,453	-	61,110	6,918,718
Machinery and equipment	3,477,819	135,043	97,568	245,709	3,761,003
Vehicles	2,087,890	85,169	34,105	30,825	2,169,779
Furniture	254,302	-	329	1,874	255,847
Infrastructure	601,669	83,607	-	-	685,276
Total capital assets being depreciated	13,268,835	314,272	132,002	339,518	13,790,623
Accumulated depreciation:					
Building and building improvements	1,560,189	227,992	-	(378)	1,787,803
Machinery and equipment	2,430,264	296,574	47,822	124,694	2,803,710
Vehicles	1,647,584	190,874	50,814	6,165	1,793,809
Furniture	118,840	22,354	329	(3,256)	137,609
Infrastructure	18,538	18,236	-	(2,468)	34,306
Total accumulated depreciation	5,775,415	756,030	98,965	124,757	6,557,237
Governmental activities capital assets, net	\$ 9,161,883	\$(426,998)	\$ 33,037	\$208,023	\$ 8,909,871
Business-type activities:					
Capital assets, being depreciated:					
System	\$39,322,982	\$ -	\$ -	\$ -	\$39,322,982
Machinery and equipment	144,581	7,331	-	-	151,912
Total capital assets, being depreciated	39,467,563	7,331	-	-	39,474,894
Less accumulated depreciation for:					
System	32,504,683	985,408	-	-	33,490,091
Machinery and equipment	113,943	9,478	-	-	123,421
Total accumulated depreciation	32,618,626	994,886	-	-	33,613,512
Total capital assets, being depreciated, net	\$ 6,848,937	\$(987,555)	\$ -	\$ -	\$ 5,861,382
Business-type capital assets, net	\$ 6,848,937	\$(987,555)	\$ -	\$ -	\$ 5,861,382

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

IV. Detailed notes on all funds - (continued)

D. Capital assets – (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Current:

General government	\$247,239
Public safety	489,733
Recreation and cultural	<u>19,058</u>

Total depreciation expense - governmental activities	<u><u>\$756,030</u></u>
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Discretely presented component units capital asset activity:

Business-type activities:

Sewer and Water	<u><u>\$994,886</u></u>
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Discretely presented component units capital asset activity:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Office equipment	\$ 14,970	\$ 1,248	\$ (16,218)	\$ -
Less accumulated depreciation for:				
Office equipment	<u>(14,970)</u>	<u>-</u>	<u>14,970</u>	<u>-</u>
Governmental activities capital assets, net	<u><u>\$ -</u></u>	<u><u>\$ 1,248</u></u>	<u><u>\$ (1,248)</u></u>	<u><u>\$ -</u></u>

The Flint Township EDC did not have any capital asset activity.

E. Interfund receivables and payables

The composition of interfund balances as of December 31, 2006 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer and Water	\$ 23,643
	Community Development	<u>17,465</u>
Total		<u><u>\$ 41,108</u></u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

IV. Detailed notes on all funds - (continued)

F. Long-term debt

The government issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term debt activity for the year ended December 31, 2006 can be summarized as follows:

	<u>General Obligation Bonds</u>	<u>Other Notes</u>	<u>Accumulated Annual and Sick Pay</u>	<u>Net Pension Obligation</u>	<u>Total</u>
Governmental activities:					
Debt at January 1, 2006	\$1,685,000	\$5,192,588	\$323,179	\$ -	\$7,200,767
Principal payments made	(30,000)	(396,728)	-	-	(426,728)
Debt issued	-	147,614	-	-	147,614
Net change –					
Sick pay	-	-	5,465	-	5,465
Net pension obligation	-	-	-	33,401	33,401
Total governmental activities					
long-term debt	<u>1,655,000</u>	<u>4,943,474</u>	<u>328,644</u>	<u>33,401</u>	<u>6,960,519</u>

The following is a summary of Business-Type long-term liability activity of the Township for the year ended December 31, 2006:

Business-type activities:					
Long-term debt payable					
at January 1, 2006	1,746,418	65,672	-	-	1,812,090
Principal payments made	<u>(531,583)</u>	<u>(11,940)</u>	<u>-</u>	<u>-</u>	<u>(543,523)</u>
Total business-type					
long-term debt at					
December 31, 2006	<u>1,214,835</u>	<u>53,372</u>	<u>-</u>	<u>-</u>	<u>1,268,567</u>
Total long-term debt –					
all activities					
December 31, 2006	<u>\$3,497,090</u>	<u>\$5,258,261</u>	<u>\$323,179</u>	<u>\$ 33,401</u>	<u>\$8,195,685</u>

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

IV. Detailed notes on all funds - (continued)

F. Long-term debt

A summary of long-term liability transactions for the year ended December 31, 2006, and the composition of the December 31, 2006, long-term debt balance follows:

	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Original Amount of Issue</u>	<u>Balance at December 31, 2005</u>	<u>Issuances During Year</u>
Governmental Activities:					
State Police Post	2025	N/A	\$7,059,156	\$4,991,244	\$ -
Copier capital lease	2007	N/A	17,294	7,576	-
Copier capital lease	2008	N/A	35,147	21,113	-
Road assessment payable	2015	N/A	Various	90,911	83,607
Building Authority Bonds - Series 2003	2031	4.3-5.0%	1,800,000	1,685,000	-
Police vehicle capital leases	2007	N/A	124,920	81,744	64,007
Accrued annual and sick pay		N/A		323,179	5,465
Net pension obligation		N/A		-	33,401
Total governmental activities				<u>\$7,200,767</u>	<u>\$186,480</u>

Contracts:

The Township entered into a lease agreement with G & K Associates for the state police post building. No interest is being charged on the lease agreement. The lease payments are detailed below:

<u>Year Ended December 31</u>	<u>Principal Requirements</u>
2007	\$ 295,416
2008	295,416
2009	295,416
2010	295,416
2011	295,416
2012-2016	1,390,296
2017-2021	1,043,160
2022-2025	<u>785,292</u>
	<u>\$4,695,828</u>

Retirements During <u>Year</u>	Balance at December 31, <u>2006</u>	Due Within One <u>Year</u>
\$(295,416)	\$4,695,828	\$295,416
(4,350)	3,226	3,226
(7,675)	13,438	8,297
(19,492)	155,026	16,516
(30,000)	1,655,000	35,000
(69,795)	75,956	54,650
-	328,644	-
-	33,401	-
<hr/>		
\$(426,728)	\$6,960,519	\$413,105
<hr/>		

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

IV. Detailed notes on all funds - (continued)

F. Long-term debt - (continued)

Governmental activities – State Police Post – (continued)

The Township entered into a sub-lease agreement with the State of Michigan for the state police post building. The amounts to be received by the Township from the State of Michigan are detailed below:

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u> <u>Requirements</u>
2007	\$ 319,561
2008	319,561
2009	319,561
2010	319,561
2011	319,561
2012-2016	1,510,372
2017-2021	1,160,640
2022-2025	<u>928,512</u>
	<u><u>\$5,197,329</u></u>

	<u>Final</u> <u>Payment</u> <u>Due</u>	<u>Interest</u> <u>Rate or</u> <u>Range</u>	<u>Original</u> <u>Amount of</u> <u>Issue</u>	<u>Balance at</u> <u>December 31,</u> <u>2005</u>	<u>Issuances</u> <u>(Retirements)</u> <u>During Year</u>
Business activities:					
McCollum Drain Note	April 1, 2010	5.0-5.6%	\$ 129,350	\$ 65,672	\$ (11,940)
Flint Township Laterals – Series 1998	April 1, 2010	3.75-4.65	3,335,000	1,080,000	(305,000)
Water Supply System 1 – Refunding Series 1998 Contract	April 1, 2008	3.75-4.50	2,261,385	<u>666,418</u>	<u>(226,583)</u>
Total business-type activities				<u><u>\$1,812,090</u></u>	<u><u>\$(543,523)</u></u>

Balance at December 31, <u>2006</u>	Due Within One <u>Year</u>
\$ 53,732	\$ 12,438
775,000	300,000
<u>439,835</u>	<u>222,140</u>
<u><u>\$1,268,567</u></u>	<u><u>\$534,578</u></u>

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

IV. Detailed notes on all funds - (continued)

F. Long-term debt - (continued)

McCollum drain note:

In late 1993, the Township of Flint and Flint Township received a court judgment to pay for the repair of the McCollum Storm Drain. This drain services the Sunridge Apartment complex. Cost of the repair was allocated among three governmental units with Flint Township's portion being 9.95%.

To pay for the repair of the drain, the Genesee County Drain office issued Limited Tax Obligation Bonds in the amount of \$1,500,000. Only the Township percentage of the debt, \$136,318, was originally recorded in the Township's accounting records. The principal balance owed at December 31, 2006 is \$53,732.

The court settlement also included a provision whereby the Sunridge complex is to reimburse Flint Township one-half of the Township's costs by way of annual assessments over a ten year period. The remaining amount due from the Sunridge complex at December 31, 2006 is, \$32,338, and has been recorded in the Sewer & Water Fund as accounts receivable.

Genesee County contracts:

The Township has entered into several contracts noted above with the County of Genesee for the construction of various sewer and water facilities. The one remaining project and Flint Township's percentage is as follows:

Water Supply System #1 Refunding Series 1998	88.8560%
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The contracts for all other facilities are 100% operated by Flint Township. Only the Township percentage of construction costs and debt have been recorded in the Township's accounting records. Pursuant to the above mentioned contracts, the County has sold several bond issues.

Annual debt service requirements to maturity for the above obligations are as follows:

Year End <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 413,105	\$ 91,111	\$ 534,578	\$ 45,570
2008	374,161	83,222	526,130	21,725
2009	348,528	80,871	207,859	9,879
2010	349,383	78,616	-	-
2011	355,278	76,321	-	-
2012-2016	1,670,106	342,181	-	-
2017-2021	1,348,160	279,670	-	-
2022-2026	1,199,753	197,500	-	-
2027-2031	540,000	84,250	-	-
Total	<u>\$6,598,474</u>	<u>\$1,313,742</u>	<u>\$1,268,567</u>	<u>\$ 77,174</u>

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

IV. Detailed notes on all funds - (continued)

F. Long-term debt - (continued)

Advance and current refundings:

During 1998, the Township defeased its Flint Township Laterals, Laterals Series 2 and Water Supply System #1 contracts by the issuing of Refunding Bonds Series 1998. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old contracts. Accordingly, the trust account assets and the liability for the defeased contracts are not included in the general purpose financial statements. At December 31, 2006, \$800,000 of the Lateral contract and \$444,280 of the Water Supply System #1 contract are considered defeased.

V. Defined Benefit Pension Plans

A. Firefighters' Pension Trust Defined Benefit Plan

Plan description:

The Township has a single employer defined benefit pension plan which covers substantially all full-time firefighters. The plan was established in accordance with the State of Michigan's Public Act 345 of 1937. The plan is administered by a five-member Board of Trustees comprised of two members of the Township's administration and three other Township employees. Investments of the plan are made through JP Morgan Chase Bank Trust Department. The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. At December 31, 2005 the date of the most recent actuarial report, membership consisted of 16 retirees and beneficiaries currently receiving benefits, 1 inactive vested member and 14 current active employees. The plan does not issue a separate financial report.

Contributions:

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Annual pension costs:

For year ended December 31, 2006, the Township's annual pension cost was \$302,188 and the actual contribution made was \$390,373. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 7.5 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 24 years.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

V. Defined Benefit Pension Plans – (continued)

A. Firefighters' Pension Trust Defined Benefit Plan – (continued)

Annual pension costs: - (continued)

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Annual pension cost	\$302,188	\$272,688	\$225,131
Percentage of APC contributed	29.2%	135.8%	162%
Net pension (obligation) asset	\$104,855	\$16,670	(\$81,130)

	<u>Actuarial Valuation as of December 31:</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Actuarial value of assets	\$3,366,575	\$3,209,627	\$3,123,648
Actuarial Accrued Liability (entry age)	\$6,572,273	6,317,924	5,704,006
Unfunded AAL	\$3,205,698	3,108,297	2,580,358
Funded ratio	51.2%	50.8%	54.8%
Covered payroll	\$ 949,968	\$ 912,917	\$ 691,434
UAAL as a percentage of covered payroll	337.5%	340.5%	373.2%

B. MERS Defined Benefit Pension Plans

a. Police and Controller

Plan description:

The Township participates in the Municipal Employees Retirement System of Michigan, an agent multiple-employer defined benefit pension plan that covers patrol officers and controller. The system provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2005, the date of the most recent actuarial report, membership consisted of 4 retirees and beneficiaries, 3 inactive vested members and 39 current active employees. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding policy:

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit and requires a contribution from the employees of 7% and 10.7% for the Controller and Police, respectively.

Annual pension costs:

For year ended December 31, 2006, the Township's annual pension cost was \$184,890 and the actual contribution made was \$240,430. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age normal actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 8.7 percent per year, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

V. Defined Benefit Pension Plans – (continued)

B. MERS Defined Benefit Pension Plan – (continued)

a. Police and Controller – (continued)

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Annual pension cost	\$184,890	\$180,232	\$171,900
Percentage of APC contributed	130%	101%	117%
Net pension obligation	\$(33,401)	\$(88,941)	\$(90,965)

	<u>Actuarial Valuation as of December 31:</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Actuarial value of assets	\$ 9,820,032	\$ 8,956,274	\$8,022,622
Actuarial Accrued Liability (entry age)	\$12,512,119	\$11,610,522	\$9,695,352
Unfunded AAL	\$ 2,692,087	\$ 2,654,248	\$1,672,730
Funded ratio	78.5%	77%	82.7%
Covered payroll	\$ 2,438,983	\$ 2,643,528	\$2,603,734
UAAL as a percentage of covered payroll	110.4%	100%	64.2%

b. Full-Time Clerical/Non-Union

Plan description:

The Township participates in the Municipal Employees Retirement System of Michigan, an agent multiple-employer defined benefit pension plan that covers clerical/full-time and some non-union employees. The system provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2005, the date of the most recent actuarial report, membership consisted of 1 retiree, 2 inactive vested members and 21 current active employees. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding policy:

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining unit and requires a contribution from the employees of 6.81 percent wages for clerical/full-time and some non-union employees.

Annual pension costs:

For year ended December 31, 2006, the Township's annual pension cost was \$44,696 and the actual contribution made was \$52,030. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age normal actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 to 8.7 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

V. Defined Benefit Pension Plans – (Continued)

B. MERS Defined Benefit Pension Plan – (continued)

b. Full-Time Clerical/Non-Union – (continued)

Three-year trend information:

	<u>Fiscal year ended December 31:</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Annual pension cost	\$ 44,696	\$ 37,116	\$ 40,716
Percentage of APC contributed	116%	128%	100%
Net pension asset (obligation)	\$ 6,665	\$ (669)	\$(11,122)
	<u>Actuarial Valuation as of December 31:</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Actuarial value of assets	\$1,483,114	\$1,313,307	\$1,182,844
Actuarial Accrued Liability (entry age)	\$1,601,253	\$1,473,291	\$1,388,449
Unfunded AAL	\$ 118,139	\$ 159,984	\$ 205,605
Funded ratio	92.6%	89%	85.2%
Covered payroll	\$ 655,990	\$ 632,715	\$ 603,598
UAAL as a percentage of covered payroll	18%	25%	34.1%

VI. Defined Contribution Pension Plan

All other employees not described in a previous plan changed to a defined contribution plan through the Michigan Municipal Employees Retirement System (MERS). The details of the two defined contribution plans offered by the Township are as follows:

	<u>Elected Officials and Non-Union Employees</u>	<u>Police Communication Operators</u>
Employee contribution %	5%	5%
Employer contribution %	10%	5%
Vesting	Immediate	20% per year over 5 years
Employee contributions for 12/31/06	\$40,091	\$3,581
Employer contribution for 12/31/06	\$40,312	\$3,581

Flint Township CBDA also participated in the elected officials and non-union employees plan. CBDA employee and employer contributions under this plan amounted to \$5,434 and \$5,434, respectively, for the year ended December 31, 2006.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

VII. Post retirement benefits:

The Township provides post retirement benefits (health, dental, and optical) to all Township retirees. Life insurance is also provided to non fire and police retirees. The total cost for these benefits for 2006 was \$227,822. The total number of eligible retirees amounted to 30 at December 31, 2006. The Township pays for 100% of these costs as incurred and provides no funding for them as they are earned. There are no provisions for employee contributions.

VIII. Deferred compensation

The Township offers its employees a Deferred Compensation Plan created in accordance with IRC Section 457. The plan, available to substantially all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency.

The law was changed to allow trusts to be created for the plan assets, thereby, insulating the assets from the Township's general creditors. The Township's plan administrator created the trust and placed the assets of the plan within the trust. As a result, the plans assets are not shown on the financial statements to reflect that the Township has no fiduciary or administrative responsibility for this plan.

IX. Construction code revenues/expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed the revenues. The Township chose the latter because historically, the expenditures have exceeded revenues. The activity related to construction code activity for the year ended December 31, 2006 is as follows:

Shortfall at January 1, 2006	\$ (3,754)
Current year construction permit revenue	168,636
Expenditures:	
Professional services	<u>(270,772)</u>
Expenditures over revenue	(102,136)
Cumulative shortfall at December 31, 2006	<u><u>\$(105,890)</u></u>

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

X. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for property, liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine, and boiler claims. The Township participates in the Michigan Township Participation Plan for claims relating to liability, no fault and excess comprehensive coverage and in the Michigan Municipal Worker's Compensation Fund for claims relating to workmen's compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. During calendar year 2006, the deductible on police cars was lowered to \$2,500.

The Michigan Township Participation Plan operates as an insurance - purchasing pool for local units of government in Michigan. The Michigan Municipal Compensation Fund also operates as an insurance - purchasing pool for local units of government in Michigan. These plans purchase commercial insurance on behalf of their members at a lower cost than would be available on an individual basis.

XI. Commitment

The Township has signed a long-term contract with a vendor to provide waste management services. The following amounts are to be paid to the vendor per the contract based on collection at 9,490 homes, a fixed annual fee for mobile homes collection of \$97,860 and annual land fill tax of \$2,278.

2007	\$1,136,446
2008	1,159,222
2009	1,181,998
2010	1,205,912

XII. Upcoming reporting changes

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pension*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree healthcare, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2008. Management is currently assessing the impact of this new accounting standard on the Township's financial statement for future reporting periods.

XIII. Contingency

The township has several tax appeals pending by taxpayers regarding prior tax payments and taxable values. No amounts have been recorded in the financial statements because the probability of the outcome and the possible loss cannot be estimated.

Charter Township of Flint
Notes to Financial Statements
December 31, 2006

XIV. Industrial revenue bonds outstanding (conduit debt)

Bonding project:

During 1988, the Township established the Economic Development Corporation of the Charter Township of Flint. The Corporation issued \$4,500,000 in limited obligation economic development revenue bonds during 1988. Since the bonds are payable solely from the net revenues derived from the project and the bonds are not a general obligation of the corporation or the Township, the bonds have not been reflected in the financial statements of the Township. Details of the bonding project are as follows:

Project:	Baker College Campus
Amount of issue:	\$4,500,000
Date of issue:	November 9, 1988
Rate and terms:	Tax exempt floating rate

The Corporation issued \$4,500,000 in limited obligation economic development revenue bonds during 1990. Details of the bonding project are as follows:

Project:	Genesee County Real Estate, Inc.
Amount of issue:	\$4,500,000
Date of issue:	September 26, 1990
Rate and terms:	Tax exempt floating rate

The Corporation issued \$2,500,000 in limited obligation economic development revenue bonds during 1997. Details of the bonding project are as follows:

Project:	Baker College of Flint 1998 Project
Amount of issue:	\$2,500,000
Date of issue:	July 1, 1998
Rate and terms:	Tax-exempt floating rate

The Corporation issued \$2,500,000 in limited obligation economic development revenue bonds during 2003. Details of the bonding project are as follows:

Project:	PME International, LLC and PME Properties, LLC
Amount of issue:	\$2,500,000
Date of issue:	July 30, 2003
Rate and terms:	Tax-exempt floating rate

Required Supplementary Information

**Charter Township of Flint
Required Supplementary Information
Analysis of Funding Progress**

**Pension Plans
Three Year Trend Information**

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Asset or (Obligation) (NPO)</u>
<u>Firefighters' Pension Trust:</u>				
12/31/06	12/31/05	\$302,188	129.2%	\$104,855
12/31/05	12/31/04	272,688	135.8	16,670
12/31/04	12/31/03	225,131	162.1	(81,130)
<u>Police and Controller's Pension Plan:</u>				
12/31/06	12/31/05	\$184,890	130.0%	\$ (33,401)
12/31/05	12/31/04	180,232	101.1	(88,941)
12/31/04	12/31/03	171,900	116.7	(90,965)
<u>Clerical/Full-Time Non-Union Plan:</u>				
12/31/06	12/31/05	\$ 44,696	116%	\$ 6,665
12/31/05	12/31/04	37,116	128	(669)
12/31/04	12/31/03	40,716	100	(11,122)

**Charter Township of Flint
General Fund
Budgetary Comparison Schedule
and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2006**

	Budgeted		Actual	Variance With Amended Budget
	Original	Amended		
Revenue				
Property taxes	\$ 5,201,350	\$ 5,201,350	\$ 5,125,790	\$ 75,560
Special assessment	1,170,882	1,170,882	1,170,882	-
Licenses and permits	498,237	498,237	297,559	200,678
Intergovernmental revenue:				
Federal	61,640	131,614	122,320	9,294
State	2,777,940	2,777,940	2,686,347	91,593
Charges for services	1,737,451	1,737,451	1,700,858	36,593
Fines and forfeits	84,800	84,800	116,799	(31,999)
Interest	131,293	131,293	245,702	(114,409)
Sub-lease income - state police post	319,562	319,562	322,190	(2,628)
Other revenue	71,825	71,825	60,125	11,700
Total revenue	12,054,980	12,124,954	11,848,572	276,382
Expenditures				
General government:				
Township board	85,513	85,513	67,970	17,543
Supervisor's office	124,840	124,840	110,383	14,457
Election commission	190,500	190,500	180,498	10,002
Assessor's office	350,027	286,277	255,405	30,872
Clerk's department	150,950	185,740	179,561	6,179
Controller's office	267,785	278,355	276,791	1,564
Treasurer's department	208,044	208,044	202,730	5,314
Township hall and grounds	112,598	118,855	117,894	961
General administrative	1,973,773	1,939,983	1,840,306	99,677
Professional services	150,250	214,000	198,957	15,043
Civil service	6,750	6,750	3,654	3,096
Board of review	3,520	3,520	3,653	(133)
Liquor advisory commission	540	1,000	947	53
Planning commission	9,469	9,469	8,188	1,281
Zoning board of appeals	5,388	5,388	3,535	1,853
Public safety:				
Fire department	2,063,026	2,063,026	2,026,627	36,399
Police department	4,446,011	4,573,635	4,536,048	37,587
Building department	285,069	295,069	269,600	25,469
Trade inspections	183,544	183,544	177,835	5,709
Recreation and cultural	57,693	60,993	55,423	5,570
Insurance	418,471	418,471	394,976	23,495
Debt service:				
Principal	367,036	396,728	396,728	-
Interest	-	9,298	9,298	-
Total expenditures	11,460,797	11,658,998	11,317,007	341,991

(continued)

Charter Township of Flint
General Fund
Budgetary Comparison Schedule
and Changes in Fund Balance - Budget and Actual (continued)
Year Ended December 31, 2006

	Budgeted		Actual	Variance With Amended Budget
	Original	Amended		
Excess of revenue over expenditures	594,183	465,956	531,565	(65,609)
Other Financing Sources				
Sale of property and equipment	12,000	12,000	22,441	10,441
Net change in fund balances	606,183	477,956	554,006	(55,168)
Fund Balance - Beginning of year	742,416	742,416	742,416	-
Fund Balance - End of year	\$ 1,348,599	\$ 1,220,372	\$ 1,296,422	\$ (55,168)

Combining Fund Statements and Fund Descriptions

**Charter Township of Flint
Nonmajor Governmental Funds
Summary Descriptions
December 31, 2006**

Special Revenue Funds

The Community Development Fund accounts for revenues and expenditures incurred by the Township as a sub-grantee.

The Public Improvement Fund accounts for non-tax revenues set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases.

The Building Authority Fund accounts for revenues and expenditures for the purpose of overseeing construction projects.

The Municipal Street Fund accounts for revenues and expenditures for the purpose of street repairs and construction.

The Fire Equipment Fund accounts for revenues and expenditures for the purpose of purchasing fire equipment.

Debt Service Funds

The Debt Service Fund was established to accumulate resources for the payment of the Building Authority Bonds - Series 2003.

**Charter Township of Flint, Michigan
Fiduciary Funds
Summary Descriptions
December 31, 2006**

Pension Trust Funds

The Firefighters Pension is used to account for the financial operations of a retirement plan for firemen.

Agency Funds

The General Agency Fund is used to account for delinquent property taxes levied by other taxing units and other assets held by the Township as an agent for individuals, private organizations, other governments, and other funds.

The Tax Agency Fund is used to account for cash receipts and disbursements of current property taxes levied by other taxing units and other funds.

**Charter Township of Flint
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006**

Special Revenue Funds					
Assets	Community Development	Public Improvement	Building Authority	Municipal Street	Fire Equipment
Cash and cash equivalents	\$ -	\$ 367	\$ 16,465	\$ -	\$ -
Property tax receivable	-	-	-	567,166	283,548
Due from other governments	17,465	-	-	-	-
Deferred bond expense - net	-	-	36,355	-	-
Total assets	\$ 17,465	\$ 367	\$ 52,820	\$ 567,166	\$ 283,548
Liabilities and Fund Balances					
Liabilities					
Due to other funds	\$ 17,465	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	567,166	283,548
Total liabilities	17,465	-	-	567,166	283,548
Fund balances					
Unreserved	-	367	52,820	-	-
Total liabilities and fund balances	\$ 17,465	\$ 367	\$ 52,820	\$ 567,166	\$ 283,548

Debt Service Fund

Building Authority Series 2002		Totals
\$	7,289	\$ 24,121
	-	850,714
	-	17,465
	-	36,355
\$ 7,289		\$ 928,655

\$	-	\$ 17,465
	-	850,714
	-	868,179
	7,289	60,476

\$ 7,289	\$ 928,655
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Charter Township of Flint
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2006

	Special Revenue Funds				
	Community Development	Public Improvement	Building Authority	Municipal Street	Fire Equipment
Revenue					
Federal grants	\$ 57,453	\$ -	\$ -	\$ -	\$ -
Interest	-	-	44	-	-
Other income	-	-	11,550	-	-
Total revenue	57,453	-	11,594	-	-
Expenditures					
General government	-	-	7	-	-
Public safety	28,807	-	-	-	-
Recreation and cultural	28,646	-	-	-	-
Amortization expense	-	-	1,421	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	57,453	-	1,428	-	-
Excess (deficiency) of revenue over expenditures	-	-	10,166	-	-
Net change in fund balances	-	-	10,166	-	-
Fund Balances - Beginning of year	-	367	42,654	-	-
Fund Balances - End of year	\$ -	\$ 367	\$ 52,820	\$ -	\$ -

Debt Service
Fund

Building
Authority
Series 2002

Totals

\$ -	\$ 57,453
23	67
111,150	122,700
111,173	180,220
7	14
-	28,807
-	28,646
-	1,421
30,000	30,000
79,288	79,288
109,295	168,176
1,878	12,044
1,878	12,044
5,411	48,432
\$ 7,289	\$ 60,476

**Charter Township of Flint
Budgetary Comparison Schedule
Year Ended December 31, 2006**

Building Authority				
	Budgeted		Actual	Variance with Amended Budget
	Original	Amended		
Revenue				
Total revenue	\$ 100	\$ 100	\$ 44	\$ (56)
Other income	-	-	11,550	11,550
Total revenue	100	100	11,594	11,494
Expenditures				
General government	500	500	7	493
Amortization expense	1,500	1,500	1,421	79
Total expenditures	2,000	2,000	1,428	572
Excess (deficiency) of revenues over expenditures	(1,900)	(1,900)	10,166	12,066
Fund Balance - Beginning of year	42,654	42,654	42,654	-
Fund balance - End of year	\$ 40,754	\$ 40,754	\$ 52,820	\$ 12,066

Charter Township of Flint
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2006

	Agency Funds		
	General Agency	Tax Collection	Total
Assets			
Cash and cash equivalents	\$ 558,081	\$ 919,820	\$ 1,477,901
Delinquent taxes receivable	280,638	-	280,638
Total assets	\$ 838,719	\$ 919,820	\$ 1,758,539
Liabilities			
Accrued liabilities	\$ 583,578	\$ -	\$ 583,578
Due to other governments	214,304	28,283	242,587
Undistributed taxes	40,837	891,537	932,374
Total liabilities	\$ 838,719	\$ 919,820	\$ 1,758,539



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May 9, 2007

To Charter Township of Flint Board Members
Charter Township of Flint
Flint, Michigan

Dear Board Members:

In planning and performing our audit of the financial statements of the Charter Township of Flint as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Municipality's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

During the year ended December 31, 2006, the Township was awarded a federal grant (JAG) in which a portion of the available funds were a pass through to other municipalities. The other municipalities' share of the grant was accounted for in the agency fund. Since the Township is the grant recipient the entire grant including the amount passed through to other municipalities should be recorded as grant revenue and expense in the General Fund. An audit adjustment was done to record the portion disbursed to other municipalities as both a grant revenue and expense in the General Fund.

During the year the Township discovered several capital assets were either inadvertently removed or omitted from the capital asset listing which resulted in a significant adjustment to the financial statements. Annually the list of additions and disposals should be reviewed by supervisory staff.

During the audit the following significant adjustments were required to the financial statements. The first audit adjustment relates to the property tax receivable and deferred revenue as of the end of the year. The staff did adjust these accounts; however, the schedule prepared by staff to make this adjustment had amounts within the schedule that did not agree to the general ledger due to the reversal of a prior year entry. Therefore the entry made did not adjust the accounts to the correct amount. The balances per the general ledger should be agreed to the computed amounts to make sure they are in agreement. The second audit adjustment was to record the fourth quarter cable franchise fees not received prior to the end of the year. A comparison of revenues between years should be done to ensure all expected revenues have been received or accrued.

In the past two years the township has been involved in significant tax appeals which may result in large refunds. We recommend the township implement a policy where as the assessor notifies the controller's office of the potential liability for tax refunds annually. The amount should be considered for accrual at year end.

This communication is intended solely for the information and use of management, board members, and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in cursive script, appearing to read "Peggy Haw Jury".

Peggy Haw Jury, CPA, CFE

Known Misstatements:

A1	Record an accrual for retroactive pay of police dispatchers due to settling of a contract	12,351			12,351
A2	To record accumulated depreciation on two infrastructure assets that were classified as not depreciable Capital lease found during review of lease expense that started 2004 runs thru 2009- Paje represents principal balance on lease and capital asset not recorded(net of accumulated depreciation) To record JAG pass through grant to other municipalities To record accrued interest for governmental long term debt To removed prepaid bond issuance costs	(23,693)	8,875	(1,537)	239
		7,099	22,409	141,691	141,691
		(36,355)	(37,776)	22,409	22,409
				(1,421)	(1,421)

Estimate Adjustments:

B1
B2

Implied Adjustments:

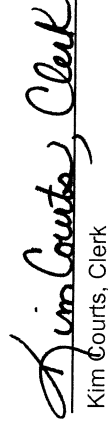
C1
C2

Combined Effect	(52,949)	43,635	(39,313)	141,691	198,962
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We believe the unrecorded possible adjustments listed above are immaterial to the municipality's financial statements, both individually and in the aggregate.


Sandra Wright, Treasurer


John Ervin, Controller


Kim Courts, Clerk

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

Ref. #	Description of Misstatement	Increases (Decreases)			
		Assets	Liabilities	Net Assets	Revenue Expenses
Known Misstatements:					
A1	Record liability for accrued interest on sewer bonds		14,379		14,379
A2	Record increase in unbilled water and sewer usage owed to County (payable)		14,323		14,323
Estimate Adjustments:					
B1					
B2					
Implied Adjustments:					
C1					
C2					
		-	-	-	-
		-	28,702	-	28,702
	Combined Effect				

We believe the unrecorded possible adjustments listed above are immaterial to the municipality's financial statements, both individually and in the aggregate.

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

Ref. #	Description of Misstatement	Increases (Decreases)			
		Assets	Liabilities	Fund Balance	Revenue Expenditures
Known Misstatements:					
A1	Record an accrual for retroactive pay of police dispatchers due to settling of a contract		12,351		12,351
A2	To record JAG grant pass through to other municipalities			141,691	141,691
Estimate Adjustments:					
B1					
B2					
Implied Adjustments:					
C1					
C2					
Combined Effect		-	-	-	-
		-	12,351	-	154,042

We believe the unrecorded possible adjustments listed above are immaterial to the municipality's financial statements, both individually and in the aggregate.

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

Ref. #	Description of Misstatement	Increases (Decreases)			
		Assets	Liabilities	Net Assets	Revenue Expenses
Known Misstatements:					
A1	Record liability for accrued interest on sewer bonds		14,379		14,379
A2	Record increase in unbilled water and sewer usage owed to County (payable)		14,323		14,323
Estimate Adjustments:					
B1					
B2					
Implied Adjustments:					
C1					
C2					
Combined Effect		-	-	-	-
		-	28,702	-	28,702

We believe the unrecorded possible adjustments listed above are immaterial to the municipality's financial statements, both individually and in the aggregate.

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

Ref. #	Description of Misstatement	Increases (Decreases)				Expenses/Expen- ditures
		Assets	Liabilities	Fund Equity	Revenue	
Known Misstatements:						
A1	To removed prepaid bond issuance costs	(36,355)		(37,776)		(1,421)
A2						
Estimate Adjustments:						
B1						
B2						
Implied Adjustments:						
C1						
C2						
Combined Effect		(36,355)	-	(37,776)	-	(1,421)

We believe the unrecorded possible adjustments listed above are immaterial to the municipality's financial statements, both individually and in the aggregate.